



Doing Business In Zambia: A Country Commercial Guide for U.S. Companies

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2009. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.

- [Chapter 1: Doing Business In Zambia](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

Chapter 1: Doing Business In Zambia

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

Market Overview

[Return to top](#)

Welcome to the Zambia Country Commercial Guide (CCG)! This guide presents a comprehensive look at Zambia's commercial environment, using economic, political, and market analysis.

- Zambia is a politically stable, multi-party democracy, rich in natural resources. Its relatively open economy has experienced over five percent real GDP growth over the past ten years. Through market liberalization, fiscal discipline, and sound economic policies, the country has brought down inflation to moderate levels and attracted foreign investment.
- Zambia's main export markets are Switzerland, South Africa, DR Congo, China, and Egypt. Imports come primarily from South Africa, India, Kuwait, China, DR Congo, and the United Arab Emirates.
- Zambia's main exports are non-ferrous metals, non-metallic minerals, coffee, tea, spices, miscellaneous manufactured goods, and wood products.
- In 2007, 2.3% of Zambia's total imports were from the United States. These consisted primarily of cereals, telecommunications equipment, machinery, tractors, agricultural equipment and parts, medicaments, medical instruments, chemicals, and mining equipment.

- In 2007, one percent of Zambian exports went to the United States, consisting almost entirely of copper and cobalt. Other exports included precious and semi-precious stones, coffee, honey, spices, and baskets.
- As of December 2008, U.S. Foreign Direct Investment assets in Zambia were estimated to be USD 77 million.

Real GDP Growth 2008	5.8%
GDP per capita estimate 2008	USD 1,223
Total Imports 2008	USD 4.1billion
Total Exports 2008	USD 4.8 billion
Zambia's total trade with the U.S. 2007	USD 118 million
Trade balance with the U.S. 2007	USD -21million
Merchandise Export to the U.S. 2007	USD 49 million
Merchandise Imports from the U.S. 2007	USD 69 million
Estimated Population 2008	12.5 million
Inflation January 2009 (annual rate)	16%

Market Challenges

[Return to top](#)

- Falling world metals prices, decreasing international investment, and declining demand for foreign exchange has caused the Zambian Kwacha to depreciate, weakening Zambians' purchasing power in an increasingly dollarized economy and contributing to inflation.
- The Kwacha's volatility in 2008 ranged from K 3,100 to K 5,600 per USD. Some financial institutions offer derivatives and forward contracts to hedge against exchange rate movement.
- Higher global food prices and food shortages have fueled inflation, bringing the year-on-year inflation rate to 16.6 % by December 2008.
- Zambia has a relatively small domestic market that is spread across a country roughly the size of Texas. Its internal road infrastructure is generally adequate for the movement of goods between cities and towns. Outside of the main transportation arteries, however, the transportation network is largely undeveloped.
- Although improvements have been made at key entry points, the cross-border movement of goods remains slow. These factors, combined with high fuel prices, translate to steep transportation costs to and from (as well as within) Zambia.
- Domestic economic growth is constrained by the limited availability of commercial credit (due to risk aversion, rather than lack of liquidity, in the banking sector) and high fees for financial services.
- Occasional Government interference in the private sector, the continued government ownership of key public utilities, a weak court system, and inadequate law enforcement capacity tarnish Zambia's liberal investment environment in practice.
- Other challenges include pervasive corruption, complex permit requirements, unreliable and expensive communication costs, and low Internet connectivity.

- Although hourly wages are low, actual labor costs are considered high for the region—driven up by stringent labor laws, shortage of skilled labor, and health-related absenteeism. Life expectancy at birth is about 39 years. HIV prevalence is approximately 14%.

Market Opportunities

[Return to top](#)

- These challenges notwithstanding, there are vast commercial opportunities in Zambia’s emerging economy. A middle class has developed in Lusaka that has resulted in a proliferation of South African franchises, a construction boom, and a formidable (although mostly risk-averse) banking sector. In general, most sectors are uncompetitive and are dominated by a few large players, leaving plenty of room for new market entrants. There have been very few cases of blatant discrimination against foreign investors.

Market opportunities abound in the following sectors:

- Energy
- Mining
- Agriculture
- Food processing
- Telecommunications
- Construction
- Transportation
- Tourism
- Health

For more information, see chapter four.

Market Entry Strategy

[Return to top](#)

- Only a few U.S. companies have a significant presence in Zambia. U.S. companies usually either license through local representatives, or export indirectly through (often South African) intermediaries.
- Franchising, direct exporting, and greenfield investments are uncommon.
- Whatever market entry strategy is chosen, businesses should bear in mind that entering the market will require local expertise on legal and regulatory issues.

[Return to table of contents](#)

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

State Department Background Notes: <http://www.state.gov/p/af/ci/za>

Other useful sources of information include:

Bank of Zambia: <http://www.boz.zm>

Zambia Central Statistical Office: <http://www.zamstats.gov.zm>

International Monetary Fund: <http://www.imf.org/external/country/zmb>

World Bank: <http://www.worldbank.org/afr/zm>

Zambia Association of Chambers, Commerce, and Industry: <http://www.zacci.org.zm>

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

- There is substantial local interest to represent and/or distribute on behalf of U.S. companies.
- Financing local inventories is often a problem, especially given high commercial loan rates. Only a few companies have sales or service networks that meet U.S. standards and expectations.
- The U.S. Embassy has the capacity to conduct limited agent/distributor searches when requested through a U.S. Department of Commerce district office, or when contacted directly by a U.S. company.
- Local offices of international accounting and consulting firms can also assist in identifying qualified local business partners.

Establishing an Office

[Return to top](#)

- The legal requirements for establishing an office in Zambia are relatively simple.
 - A prospective company must register with the Registrar of Companies at the Patents and Companies Registration Office (PACRO), a semi-autonomous institution under the Ministry

of Commerce, Trade, and Industry, by submitting the company charter and a registration fee. A local agent may be appointed to do this on behalf of the potential investor.

- After submission of the company charter and payment of registration fees, a Certificate of Incorporation is generally issued within 24 hours.
- Under the terms of the new Zambia Development Agency (ZDA) Act, foreign nationals who invest USD 250,000 and employ a minimum of 200 persons are entitled to self-employment or resident permits. With an approved investment license, these investors are also eligible for up to five expatriate work/resident permits.
- Foreign companies that plan to invest in Zambia should obtain an investment license from the ZDA to take advantage of its services. The procedure is simple and licenses are approved or disapproved within 30 days. The ZDA may be contacted at the following address:

Zambia Development Agency
Privatization House
Nasser Road
PO Box 30819, Lusaka, Zambia
Tel: (260) 21-122-0177; Fax: (260) 21-122 5270
Website: www.zda.org.zm

- Franchise business arrangements in Zambia are based on British contract law rather than more-binding U.S. franchising regulations. There is increased interest in franchising in Zambia generated by publicity and exposure to international franchise trade events in the South Africa. Lack of financing options, however, remains a major obstacle to franchise business in Zambia. There may be opportunities for U.S. franchises in the following areas:
 - Restaurants
 - Retail (including pharmaceutical and hardware)
 - Non-luxury hotels
 - Cable television
 - Internet Service Providers

Direct Marketing

[Return to top](#)

There are no restrictions on conducting direct marketing in Zambia. However, direct marketing companies may be constrained by inadequate postal services, high phone rates, and low Internet penetration.

Joint Ventures/Licensing

[Return to top](#)

The Zambian business community has a strong interest in joint ventures and licensing agreements. Local investors actively seek out these arrangements in order to overcome domestic scarcity of capital, technology, and expertise. There are no legal restrictions which define the terms of a joint venture arrangement. A suitable partnership should be established contractually and registered with the Patent and Company Registration Office (PACRO). The registration certificate from PACRO should be submitted to the Zambia Development Agency (ZDA) for an investment license.

See chapter four for specific investment opportunities, all of which potentially could be undertaken through a joint venture operation.

Selling to the Government

[Return to top](#)

All government expenditure's above USD 100,000, as well as all government loan and credit agreements, must go through the Zambia Public Procurement Authority (until recently known as the Zambia National Tender Board). Government purchases below USD 100,000 are handled by institutional tender committee, and these are open to any company that meets the terms and conditions.

The Public Procurement Authority advertises tenders for procurement of goods and services through the print media and posts copies of all tenders on its website (www.tenderboard.gov.zm).

Public procurement legislation was introduced in 2008 that aims to improve transparency and accountability as well as promote public confidence in the procurement process.

Distribution and Sales Channels

[Return to top](#)

Goods destined for Zambia arrive via South Africa (Durban, Port Elizabeth, and East London), Namibia (Walvis Bay), Mozambique (Beira), and Tanzania (Dar es Salaam). Durban and Dar es Salaam are the most commonly used sea ports. Virtually all imports are transported by truck, entering Zambia primarily through Chirundu and Livingstone (on the Zimbabwean border), Kazungula (on the Botswanan border), and Nakonde (on the Tanzanian border). The Kasumbalese border with DR Congo sees a great deal of mining sector-related traffic.

Imports coming through Durban, Walvis Bay, and Dar es Salaam can take up to two weeks to reach Zambia, due primarily to delays at border crossings. Transportation costs are high and are estimated to account for 60-70 percent of the cost of production for many goods in Zambia.

Wholesale trade and distribution is concentrated in Lusaka, Kitwe, Ndola, Livingstone, Kasama, and Chipata.

Selling Factors/Techniques

[Return to top](#)

Selling is normally done on a cash basis, due to scarce and expensive credit. Companies that can offer credit, or an extended payment schedule, have an edge even if their prices are higher. After-sales service is an important factor for technical products.

Imported food products must have English-language labels that detail ingredients and shelf life of products. Any food products failing to meet this requirement are confiscated by local authorities and destroyed without compensation.

Goods and services are advertised through flyers in the main daily newspapers such as *Times of Zambia*, *The Daily Mail* and *The Post Newspaper* for wider circulation at a fee. The three private television stations including the state run Zambia National Broadcasting Corporation also provide advertising, as well as community radio stations.

Electronic Commerce

[Return to top](#)

E-commerce is a relatively new to Zambia. Very few firms have web sites or are equipped to conduct on-line transactions. Internet penetration is still particularly low (estimated to be 55,000 users as of June 2008), due to lack of ICT investment, particularly in rural areas, and the high cost of an Internet Service Provider operating licenses (USD 40,000).

Trade Promotion and Advertising

[Return to top](#)

Zambia holds four annual trade fairs. The main trade events are:

- Zambia Mining, Agriculture, and Commercial Show, which is held during the last week of May in Kitwe (in the Copperbelt);
- Zambia International Trade Fair, which is held in Ndola (in the Copperbelt) during the second week of July;
- Zambia Agriculture and Commercial show, which takes place in Lusaka during first week of August; and
- Gemstone and Mining Exhibition, which is held in Livingstone and Lusaka.

<http://www.cacss.co.zm>

<http://www.zitf.org.zm>

Electronic Media: Zambia has one national and four private television stations and over 40 community radio stations. Radio broadcasts are in English as well as local languages and tend to reach a wider audience than television broadcasts. The contacts for the most important television and radio broadcasters are:

Zambia National Broadcasting Company (ZNBC)

Email: znbc@zamtel.zm

Website: www.znbc.co.zm

MUVI Television

Email: muvi@iconnect.zm

Website: www.muvitv.com

MOBI Television

Email: mobitel@zamtel.zm

Radio Phoenix

E-mail: rphoenix@zamnet.zm

Website: www.radiophoenix.co.zm

Print media: The *Times of Zambia* and the *Zambia Daily Mail* are state-owned daily newspapers. The only independent daily is *The Post*. Two monthly business publications, the Zambia National Farmers Union's *Zambian Farmer*, and *Profit Magazine*, published by the Zambia Association of Chambers of Commerce and Industry, are strong voices for private sector business in Zambia. The following are contact addresses for the major print media:

Times of Zambia

E-mail: times@zamtel.zm

Website: www.zamnet.zm

Zambia Daily Mail

E-mail: zadama@zamnet.zm

Website: www.zamnet.zm

The Post Newspaper

E-mail: post@post.co.zm

Website: www.postzambia.com

The U.S. advertising firm Young & Rubicam has offices in Zambia and may be contacted at the following address:

Young & Rubicam (Zambia) Limited

Email: yubicam@coppernet.zm

Pricing

[Return to top](#)

Local pricing formulas usually account for international and domestic transportation charges, customs duty, and value added tax (16 percent), all of which contribute to high local prices. In general, Zambian consumers are price conscious and place greater emphasis on price than quality.

Sales Service/Customer Support

[Return to top](#)

After-sales service and customer support are important factors to business, particularly for technical products such as computers and equipment. Nevertheless these are often altogether lacking in Zambia.

Protecting Your Intellectual Property

[Return to top](#)

The protection of Property rights has been addressed in chapter six – Investment Climate statement. However, a company entering the Zambian market should register its trademark with the Patent and Company Registration (PACRO) and coordinate with the Intellectual Property Unit (IPU) of the Zambia Police Service. The IPU has the ability to enforce intellectual property rights in Zambia's major cities and border areas where counterfeit and pirated materials enter the country. Unless there is a complainant, police action cannot take action. Zambian intellectual property legislation is undergoing review in order to remove archaic provisions, bring it to international standards, and stiffen punishments.

Due Diligence

[Return to top](#)

All U.S. companies are advised to exercise due diligence before doing business in Zambia. The Embassy has the capacity to provide limited information about local companies when requested through a U.S. Department of Commerce district office, or when contacted directly by a U.S. company. Local attorneys or business consultants can provide more comprehensive assistance in determining the bona fides of a prospective business partner.

Local Professional Services

[Return to top](#)

A number of professional service providers are available to U.S. companies. A list of attorneys can be found on the Embassy website: <http://zambia.usembassy.gov>

Other resources are:

Zambia Institute of Chartered accountants: <http://www.zica.co.zm>

Zambia Institute of Marketing: <http://www.zim.com.zm>

National Construction Council of Zambia: <http://www.ncc.org.zm>

Web Resources

[Return to top](#)

Zambia Development Agency: <http://www.zda.org.zm/>

[Return to table of contents](#)

Chapter 4: Leading Sectors for U.S. Export and Investment

Non-agriculture

- Electric Power Generation, Distribution, and Transmission Equipment
- Mining and Mineral Processing Equipment
- Food Processing and Packaging
- Tourism
- Telecommunications
- Road and Rail Construction
- Transportation Services and Equipment
- Healthcare Services

Agriculture

- Agricultural Equipment
- Agricultural Chemicals
- Agricultural Extension Services
- Seed
- Aquaculture

#1) Electrical Power Generation, Transmission, and Distribution Equipment

	2006	2007	2008 (estimated)
Total Market Size			
Total Local Production			
Total Exports	35,514,000	50,495,000	
Total Imports	262,279,000	358,690,000	
Imports from the U.S.	7,309,000	6,813,000	

Overview

[Return to top](#)

Electricity generation in Zambia is currently dominated by Zambia Electricity Supply Corporation (ZESCO), a state-owned company with an installed capacity of 1,640 MW, over 3,800 miles of transmission lines, and about 15,600 miles of distribution lines. ZESCO has national and regional control centers. There two private players in the sector, namely Lunsemfwa Hydro Power (40MW) and Copperbelt Energy Corporation (80MW), both of which sell to ZESCO. The latter supplies power to the mines and is building Zambia's second interconnector with DR Congo.

Best Prospects/Services

[Return to top](#)

- Electrical power systems
- Electrical power transmission equipment
- Hydro electrical generators
- Turbines
- Alternative energy systems
- Conventional energy systems
- Engineering services
- Power plan personnel training equipment

Opportunities

[Return to top](#)

Given that a large portion of Sub-Saharan Africa's water resources pass through Zambia, there is untapped hydropower potential to not only meet domestic demand but to export to Eastern and Southern African countries. Zambia is connected to the Southern African Power Pool and has plans to connect to the East African Power Pool. In 2008, domestic demand (estimated at 1900 MW) exceeded domestic production due to maintenance and upgrades at major hydropower facilities.

There may be opportunities for U.S. companies to invest in small-scale energy generation and distribution projects, particularly those that supply electricity to manufacturers, mining companies, and farming blocs. New projects at Itezhi Tezhi, Kalungwishi, Mambilima, and Batoka may present opportunities to U.S. exporters. There is also a market for small-scale power generating equipment, such as solar panels and diesel-powered generators for household or commercial use.

The 2009 national budget indicates that ZESCO's electricity tariffs, which are currently considered to be too low, will be adjusted upwards in 2009 to reach cost recovery levels by the end of 2010. Presumably this will make power generation investments more feasible. New incentives for investors in energy sector also include provisions to carry forward tax losses for ten years instead of the five-year limit given to other companies.

Resources

[Return to top](#)

[http:// www.zda.org.zm](http://www.zda.org.zm)

#2) Mining and Mineral Processing Equipment

Overview

[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size			
Total Local Production			
Total Exports		USD 10,772,000	USD 53,004,600
Total Imports		USD 619,692,600	USD 613,644,200
Imports from the U.S.		USD 9,793,738	

Source: CSO Zambia, COMESA and U.S. Census Bureau – Foreign Trade Statistics

The mining sector has played a leading role in the development of the economy. Zambia's mining sector has suffered from the decline in world metals prices. Several mining companies have shut down operations and others have scaled back their investments. Although this has created unemployment, there is still a shortage of locally available skilled labor.

Best Prospects/Services

[Return to top](#)

- Mining equipment
- Mineral exploration
- Operations/maintenance services
- Transportation services
- Security/safety equipment
- Trucks
- Pollution control

Opportunities

[Return to top](#)

All mining companies are required by law to upgrade their mining equipment, particularly smelters, to conform Zambia's mining sector to international regulations and UK and U.S. environmental standards by 2015.

Despite problems within the sector, U.S. companies may find ample local interest in environmentally friendly smelting equipment as well as tunneling and haulage systems. Companies are also likely to continue with plans to replace machinery, equipment, and vehicles. Opportunities also exist for uranium production.

Given low global minerals prices, but in anticipation that these will rebound in the short to medium term, the timing may be appropriate for mineral exploration activities, particularly technologies that bring down the cost of extraction.

Mining operators continue to complain about theft as a constraint to profitability. In this regard, there may be demand for more effective security equipment.

#3) Food Processing

Overview

[Return to top](#)

The Zambian Government has several investment zones (Multi-Facility Economic Zones) to stimulate the manufacturing sector, including food processing.

Best Prospects/Services

[Return to top](#)

- Foods – processed
- Food processing/packaging equipment
- Used/Reconditioned equipment

Opportunities

[Return to top](#)

Local production is currently small and regional demand for processed food is being met mostly by South African firms. Zambia's landlocked location may not make it an ideal candidate for export to the United States or Europe, but may present export opportunities to neighboring DR Congo, Tanzania, Malawi, Mozambique, Namibia, Zimbabwe, and Angola. Demand is likely to increase for food processing equipment such as boilers, chillers, refrigerators, evaporative condensers, and processors.

Resources

[Return to top](#)

[http:// www.zda.org.zm](http://www.zda.org.zm)

#4) Tourism Infrastructure Services

Overview

[Return to top](#)

Tourism opportunities abound with Zambia's 19 national parks and 34 game management areas as well as the 23 million hectares devoted to the conservation of animals. In recent years, Zambia's tourism sector has grown significantly (9.6% in 2007 and 6.3% in 2008), attracting many tourists who are deterred from visiting Zimbabwe due to its political and economic instability. Numerous hotels have been constructed beside Victoria Falls, which now receives direct flights from Johannesburg. The sector is constrained, however, by inadequate road infrastructure, limited and costly domestic transportation, and insufficient marketing and promotional activities. The country's efforts to market itself as a high-end tourist destination do not always succeed, given its frequent inability to provide services on par with its steep prices. Potential investors are often deterred by the high costs (in terms of time and money) of compliance with government regulations, including operating licenses.

Best Prospects/Services

[Return to top](#)

- Travel/tourism services
- Tourism infrastructure services
- Hotel/restaurant equipment
- Transportation services
- Architectural/construction/engineering services
- Advertising services
- Franchising

- Management consulting services

Opportunities

[Return to top](#)

Prospects exist for investments in (or franchising of) mid-range accommodation, restaurants, car rental, recreational activities, and organized tours. Adventure and ecotourism also present opportunities. There may also be a demand for additional sporting and recreational facilities in Livingstone.

The Zambian Government intends to invest USD 1.5 million to develop the tourism sector in Livingstone, which already enjoys VAT free status. Lusaka and Livingstone have become popular conference destinations in recent years. There are many investment opportunities for reasonably priced conference facilities, services, and accommodation. There is also demand for corporate, short-term housing that meets international standards.

To promote Zambia abroad, Government will refund up to 15 percent of expenses related to filming movies in Zambia.

Resources

[Return to top](#)

[http:// www.zda.org.zm](http://www.zda.org.zm)

#5) Telecommunications Equipment

Overview

[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size			
Total Local Production			
Total Exports		USD 66,918	
Total Imports			USD 1,122,800
Imports from the U.S.		USD 5,293,719	

Source: CSO Zambia, COMESA and U.S. Census Bureau Foreign Trade Statistics

Although over 97 percent of the telephone exchanges are automatic, the telecommunication infrastructure remains poor and inadequate especially in rural areas. Zambia has no ICT policy and also lacks institutional capacity to meet the challenges of globalization. Investment in skilled human resources is key in this aspect. The government-owned ZAMTEL currently has a monopoly on the international gateway. Although international gateway licenses are available to other telecom providers, its high cost has been prohibitive. The Zambian Government intends to privatize (or semi-privatize) ZAMTEL in 2009.

Best Prospects/Services

[Return to top](#)

- Telecommunications equipment
- Telecommunications services
- Telecommunications distribution equipment
- Satellite/microwave equipment
- Broadcasting/receiving equipment
- Audio/video equipment

Opportunities

[Return to top](#)

Given high costs as well as unreliable and slow bandwidths associated with Internet connectivity in Zambia, 3G mobile phone technology that provides reasonably priced and efficient Internet access is likely to be well received in both urban and rural areas, particularly if coverage could be expanded utilizing new CDMA technology or something comparable.

Resources

[Return to top](#)

#6) Road, Rail Construction

Overview

[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size			
Total Local Production			
Total Exports (locomotives, rolling stock)	53,548	1,114,000	
Total Imports (locomotives, rolling stock)	6,377,000	15,809,000	
Imports from the U.S.	187,018	262,368	

Source: Central Statistical Office of Zambia and U.S. Census Bureau – Foreign Trade Statistics

Zambia has weak transportation infrastructure, which significantly increases the cost of doing business in Zambia. Railways have the potential to be a dominant mode of transport for heavy goods but are in need of substantial upgrades and improvements in efficiency.

Best Prospects/Services

[Return to top](#)

Architectural/construction/engineering services
Building products
Construction equipment
Railroad equipment
Used/reconditioned equipment

Opportunities

[Return to top](#)

Export opportunities exist for the sale of railway wagons, road construction equipment, and engineering services. Investment opportunities may exist for the establishment of a reliable local construction company that has a reputation for accountability and quality. Changes to the Zambian procurement system may entail greater transparency and efficiency, leveling the playing field in an area that had been marred by allegations of corruption. The 2009 budget includes larger allocations to road building.

Resources

[Return to top](#)

[http:// www.zra.org.zm](http://www.zra.org.zm)

#7) Transportation Services and Equipment

Overview

[Return to top](#)

See leading sector #6 – Rail, Road construction.

Best Prospects/Services

[Return to top](#)

- Aviation services
- Insurance services
- Leasing services
- Operations/maintenance services
- Transportation services
- Aircraft/parts
- Airport/ground support equipment
- Trucks, trailers, busses
- Vehicles

Opportunities

[Return to top](#)

New entrants to the commercial airline industry, including Zambezi Airlines, may entail leasing opportunities in Zambia for U.S. companies.

The Zambian Government has announced its interest in finding a strategic partner for the railway route to Tanzania, known as the Tanzania-Zambia Railway Authority or TAZARA. TAZARA is currently under-utilized due to operational and management challenges, combined with poor infrastructure and equipment.

There are investment opportunities in providing transportation services to the mining, manufacturing, and tourism sectors.

Resources

[Return to top](#)

#8) Health Care Services

Overview

[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size			
Total Local Production			
Total Exports (pharmaceuticals)	658,000	1,105,000	
Total Imports (pharmaceuticals)	67,938,000	72,897,000	
Imports from the U.S. (pharmaceuticals)	8,851,000	2,690,000	

Source: CSO Zambia, COMESA and U.S. Census Bureau – Foreign Trade Statistics

Health care services, infrastructure, and lack of specialist equipment are some of the major problems encountered by the public hospitals and clinics countrywide. Government has increased its budget for purchasing essential drugs and medical supplies. Typically patients are evacuated to South Africa even for treatable ailments due to lack of equipment and high quality service.

The government purchases drugs through the Health Ministry's procurement office and the Zambia Public Procurement Authority (ZPPA). The ZPPA floats tenders for supply and delivery of drugs in bulk. Successful bidders deliver the drugs to Medical Stores Limited, a government owned entity, which stores and distributes the products. Some medications are procured by donors directly, in consultation with Ministry of Health.

Best Prospects/Services

[Return to top](#)

Healthcare services
Insurance services
Dental equipment
Pharmaceuticals
Medical equipment

Opportunities

[Return to top](#)

There are few companies providing international medical insurance. This may be an area where U.S. companies can participate. Export opportunities abound for affordable medical equipment, supplies, and medicine.

Resources

[Return to top](#)

[http:// www.zda.org.zm](http://www.zda.org.zm)
<http://www.moh.gov.zm>

Agriculture Sectors

[Return to top](#)

#1) Agricultural Equipment

Overview

[Return to top](#)

Agriculture is at the core of the Zambian Government's strategy for rural development and poverty reduction. Only a small fraction of Zambia's arable land is currently cultivated. As the Government expands the national road network and invests in feeder roads, as it intends to do in 2009, this may create additional opportunities for agricultural growth. Rising global food and commodity prices, as well as Zambia's weakening Kwacha, make Zambian exports more competitive and create opportunities for investment and trade. Demand would increase significantly, however, if the Zambian Government were to issue a moratorium on export bans, which inevitably would result in broader expanded cultivation and additional investment in agricultural products.

Best Prospects/Services

[Return to top](#)

Agricultural machinery and equipment
Autos/light trucks
Commercial fishing equipment
Forestry/woodworking machinery
Automotive parts/service equipment
Leasing services

Opportunities

[Return to top](#)

The United States is the origin of choice for agricultural machinery. There is increasing demand for agricultural equipment, ranging from new and used tractors, land clearing equipment, and irrigation devices. New farming blocks such as the proposed 155,000 hectare Nansanga Farming Block in Serenje District will create opportunities for exports of U.S. agricultural equipment. Currently, several USAID projects focus on strengthening links within Zambia's agricultural value chain by improving private sector delivery of extension services.

Resources

[Return to top](#)

<http://www.znfu.org.zm>
<http://www.zda.org.zm>

#2) Agricultural Chemicals

Overview

[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size			
Total Local Production			
Total Exports (fertilizer)	3,674,000	3,611,000	
Total Imports (fertilizer)	97,321,000	USD 115,578,000	USD 145,518,000
Imports from the U.S. (fertilizer)	479,635		

Source: CSO Zambia, COMESA and U.S. Census Bureau – Foreign Trade Statistics

In previous years the Zambian Government has directed much of its agricultural budget to a popular and highly politicized fertilizer support program, utilizing two companies for distribution. The program will be revised in 2009 so that the government provides eligible farmers with vouchers with which to purchase fertilizer from any vendor. This will open up competition and stimulate growth in an otherwise undeveloped sector.

Best Prospects/Services

[Return to top](#)

- Synthetic fertilizers and other growth agents
- Pesticides
- Fertilizer components

Opportunities

[Return to top](#)

U.S. Companies could supply fertilizers and agriculture chemicals to commercial farmers as well as to local fertilizer producers and retailers. Given high transportation costs, it might be difficult to remain competitive with South African importers on direct exports for fertilizer. U.S. investors may wish to consider investing in local production and/or distribution.

Resources

[Return to top](#)

#3) Agricultural Extension Services

Overview

[Return to top](#)

The Zambian Government provides extension services to farmers, but this program has been constrained by inadequate funding levels. There continues to be strong need for technical advice on inputs, soil maintenance, crop management, marketing, and storage. Currently most cooperatives do not provide extension services, but only serve as a purchasing agent for government subsidized fertilizer.

Best Prospects/Services

[Return to top](#)

- Agricultural services
- Marketing services
- Education/training
- Veterinary services

Opportunities

[Return to top](#)

There are investment opportunities for affordable extension services in virtually every agricultural sub-sector, particularly given the interest in diversifying the economy, improving productivity, and expanding into more complicated crops, livestock, and fisheries.

Resources

[Return to top](#)

#4) Seed

	2006	2007	2008 (estimated)
Total Market Size			
Total Local Production			
Total Exports			
Total Imports			
Imports from the U.S.	USD 14,000	USD 30,000	

Overview

[Return to top](#)

As the Zambian Government introduces greater openness to its fertilizer support program and decreases its presence in the inputs area of the agricultural value chain, industry experts anticipate increased competition and investment within the seed sector.

Best Prospects/Services

[Return to top](#)

- Agricultural seed
- Agricultural services
- Marketing services
- Education/training

Opportunities

[Return to top](#)

Due to rigid import requirements for agricultural seed (including a complete ban on genetically modified organisms), the Zambian Government encourages potential investors to engage in local seed production. Local seed producers have export opportunities within the region.

Resources

[Return to top](#)

#5) Aquaculture

	2006	2007	2008 (estimated)
Total Market Size			
Total Local Production			
Total Exports	357,918	384,532	430,000
Total Imports	4,892,000	7,252,000	
Imports from the U.S.			

Overview

[Return to top](#)

This sector is largely undeveloped in Zambia, although there is growing interest due to reports of overfishing in Zambia's rivers and lakes. Currently, small-scale traders export fish to neighboring countries.

Best Prospects/Services

[Return to top](#)

- Commercial fishing equipment
- Agricultural services

Opportunities

[Return to top](#)

With an abundance of water resources and excess market demand for fish and fish protein, there is no shortage of opportunities within this sector, particularly with regard to commercial fish farming. To be profitable, it must be approached intensively, with heavy stocking densities, sophisticated management, specialized (imported) feeds, and reliable sources of electricity. U.S. companies not interested in investing locally may choose instead to provide professional services and/or inputs.

[Return to table of contents](#)

Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

Customs valuation is ad valorem on a CIF basis. A small number of goods may be imported duty-free. These include medicines, pharmaceuticals, veterinary supplies, medical equipment, computer parts, chemicals in bulk, fertilizers, and seeds. Most goods fall into one of three tariff bands: 5 percent (selected raw materials, and capital equipment); 15 percent (intermediate goods); or 25 percent (final products). Duty on productive machinery for agriculture and mining is zero percent.

Trade Barriers

[Return to top](#)

The Zambian Government frequently pronounces import and export bans on agricultural staples in its efforts to ensure domestic supply. It also imposes import bans on agricultural products with genetically modified content, additional import duties on selected items, including vegetable cooking oils and soaps, and export taxes on copper concentrates and cotton seed.

Administrative corruption may be the most serious non-tariff barrier, particularly as it relates to government procurement. Other non-trade barriers include intellectual property infringement, preferential treatment of state-owned enterprises, and an overly cumbersome—and often arbitrary and non-transparent—regulatory environment.

Import Requirements and Documentation

[Return to top](#)

In general, the Zambian Government does not require import licenses. Certification, however, is required to import meat (certification available from the Veterinary Department), plants and seeds (Mount Makulu Research Station), food and drugs (Ministry of Health), and firearms and ammunition (Zambia Police).

U.S. Export Controls

[Return to top](#)

There are no sanctions against Zambia. The U.S. Government requires export licenses for products related to national security, particularly dual-use technology that has commercial and military or proliferation application. Other items that the U.S. Government regulates for export include defense articles, nuclear materials, and controlled substances. The U.S. Government controls exports on a case-by-case basis, examining the following factors: the destination, the end-user, the product, and its end-use. The majority of exports which do require a license are either controlled on the Commerce Control List (CCL), administered by the Commerce Department, or the U.S. Munitions List (USML), administered by the State Department.

For more information on export controls, please visit the following sites:

<http://www.dtic.mil/dtic/stinfo/exportcontrol.html>

http://www.export.gov/regulation/exp_001498.asp

http://www.export.gov/regulation/exp_defense_trade_controls.asp

<http://www.bis.doc.gov/licensing/exportingbasics.htm>

<http://www.treas.gov/offices/enforcement/ofac/articles/ticupdt.pdf>

http://www.access.gpo.gov/bis/ear/ear_data.html#ccl

<http://www.pmddtc.state.gov/>

Temporary Entry

[Return to top](#)

Visitors are generally permitted to enter the country with goods for their own use. When a visitor's motor vehicle is not covered by a valid carnet, Customs will issue a customs import permit (CIP). For goods not intended for the visitor's own use, permission must be acquired from the Commissioner of Customs. Prior to importation, persons intending to import such goods should seek authority in writing, detailing the goods, value, purposes for importing, and duration of stay in Zambia. The Commissioner will in turn indicate the conditions for importation, which may include a refundable monetary security pending exportation after expiry.

Labeling and Marking Requirements

[Return to top](#)

Imported food products must have English-language labels that detail ingredients and shelf life of products. If inadequately labeled, these products may be confiscated and destroyed. Pharmaceutical products must also be labeled in English, detailing ingredients, recommended dosage, shelf life, and any cautionary notes.

Prohibited and Restricted Imports

[Return to top](#)

Zambian law prohibits the importation of indecent, obscene, or objectionable material, as well as goods produced wholly or in part by prison labor. Regulations related to the importation and transportation of pharmaceuticals are relatively strict. Travelers are strongly encouraged to carry their prescription drugs and medications in original labeled containers, as well as the written prescription from their physician. Travelers who cannot get a doctor's note for their over-the-counter medications must leave them behind or risk arrest.

Customs Regulations and Contact Information

[Return to top](#)

It is against both Zambian and U.S. law to buy, possess or transport animals or animal products, such as warthog tusks, tortoise shell, rhino horn, elephant ivory or any items made out of these materials. In Zambia, penalties range from large fines to mandatory five-year prison sentences. The Zambian Wildlife Authority has screeners at international ports of entry and will prosecute offenders to the fullest extent of

the law. While many of these items are sold in open markets particularly aimed at foreign tourists, it remains the responsibility of the customer to ensure that he/she is not purchasing a prohibited item.

Mr. Muyangwa Muyangwa
Commissioner – Customs
Zambia Revenue Authority
Kalambo Road
Revenue House
P. O. Box 35710
Lusaka, Zambia
Tel: 260-21-122 3760
Fax: 260-21-122 1923

Standards

[Return to top](#)

- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

Standards Organizations

[Return to top](#)

The Zambia Bureau of Standards (ZABS) intends to renew its standards legislation, which is generally outdated and seldom enforced. Several companies are attempting to become ISO 9000 certified.

NIST “Notify U.S.” Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at: <http://www.nist.gov/notifyus/>

Conformity Assessment

[Return to top](#)

ZABS has inadequate testing equipment, but has a Metrology Laboratory that provides calibration services.

Product Certification

[Return to top](#)

Manufacturing companies use in-house laboratories to certify products according to standards set by ZABS. ZABS utilizes portable electronic equipment to clear electronic goods at some ports of entry.

ZABS has signed memorandums of understanding with ASTM International (2004), Malawi Bureau of Standards, and the Standards of Association of Zimbabwe.

Accreditation

[Return to top](#)

On November 4, 2004, the ZABS notified acceptance of the WTO TBT Code of Good Practice for the preparation, adoption, and appreciation of standards. ZABS is the accreditation body in Zambia.

Publication of Technical Regulations

[Return to top](#)

The Zambia Development Agency issues a monthly publication, "ZDA Newsletter," containing updates on technical regulations, in collaboration with ZABS. The "Zambia Gazette" also provides information related to new legislation.

Labeling and Marking

[Return to top](#)

English-language labeling is required for all imported food and pharmaceutical products.

Contacts

[Return to top](#)

Mr. Mataa Mukelabai, Director
Zambia Bureau of Standards (ZABS)
Lechwe House, Freedom Way
P. O. Box 50259
Lusaka, Zambia
Tel: 260-21-123 1385
Fax: 260-21-123 8483
Email: zabs@zamnet.zm

Ms. Anessi Banda-Bobo
Registrar and Chief Executive Officer
Patents and Companies Registration Office
Mwayi House, Haile Selassie Avenue
P. O. Box 32075
Lusaka, Zambia
Tel: 260-21-125 5151
Fax: 260-21-125 5426

Ms. Esnat Mwape, Director General
Pharmaceutical Regulatory Authority
Plot 6903, Tuleteka Road
P. O. Box 31890
Lusaka, Zambia
Tel: 260-211 220 429
Fax: 260-211 230 458
Email: pharmacy@pra.gov.zm

Trade Agreements

[Return to top](#)

Zambia belongs to the 19-member Common Market for Eastern and Southern Africa (COMESA), which allows for preferential tariff duties between member states. In 2000, COMESA launched a Free Trade Area (FTA), which has nine member countries, including Zambia. In late 2008, COMESA agreed to harmonize its FTA with that of the East African Community (EAC) and the Southern African Development Community (SADC). COMESA intends to launch a customs union in June 2009. Zambia also belongs to the 14-member SADC, which established an FTA in 2008.

Negotiations with the European Union over the Economic Partnership Agreement are likely to continue to mid 2009. To ensure that there is no disruption in trade, the European Commission devised interim

bilateral agreements, known as Framework Economic Partnership Agreements, which Zambia initialed on December 5, 2007.

Zambia is also eligible for trade benefits under the African Growth and Opportunity Act (AGOA), which provides duty-free/quota-free access to the U.S. market for most goods, including textile and apparel.

Telecommunications

[Return to top](#)

Zambia is a member of Intelsat and receives video and communications services through its earth satellite station.

Telecommunications services are generally adequate, but often unreliable, especially during the rainy season (November-March), and relatively expensive. Cellular service is currently offered in all provinces of Zambia, but coverage is uneven. Major private firms that offer mobile phone facilities include MTN Zambia and Zain Zambia. The Communications Authority of Zambia has solicited bids for a fourth national mobile service provider. International telephone calls are expensive (about three U.S. dollars per three-minute call to the United States). AT&T's USA Direct service is available, as well as similar services to Britain, Sweden, and some other European countries. A number of callback service companies are operating, although their legality is disputed by the state-owned telephone company, Zambia Telecommunications Company (Zamtel).

Cell phones usage is rapidly surpassing landline communication. Code Division Multiple Access (CDMA) is the most prevalent digital cellular phone technology. Zamtel may be partially privatized in 2009.

There are 13 Internet Service Providers offering dial-up connections, broadband wireless, and VSAT services. The GRZ maintains monopoly control of the International Voice Gateway, due to the high fee (USD 19 million) charged for an international gateway license.

Transportation

[Return to top](#)

There are regular airline connections to Lusaka and Livingstone from London, Dar es Salaam, Johannesburg, Addis Ababa, Lilongwe and Nairobi. Domestic flights are available between Lusaka, Ndola, Kitwe and Chingola (Copperbelt Province), Mfuwe and Chipata (Eastern Province), Livingstone (Southern Province), Kasama (Northern Province) and Solwezi (Northwestern Province). There are regular flights linking Johannesburg to Lusaka, Ndola, and Livingstone. The Zambian Government has announced its intention to rehabilitate its airports and extend its runways, but has not yet undertaken any significant upgrade projects. There are several private city bus lines.

The railway system is run down and undergoing restructuring. Passenger train travel is unreliable and uncomfortable. The GRZ commissioned the construction of the 27-kilometer Chipata-Mchinji Railway, connecting the eastern border with Malawi through to Nacala Port in Mozambique. As of December 2008, a four-kilometer stretch was remaining. The GRZ intends to construct new railway lines from Chingola, on the Copperbelt, to Solwezi, in Northwestern Province, as well as a railway line connecting Solwezi to the Benguela railway line in Angola, providing eventual access to Lobito Bay.

Road transportation is the preferred means of transport for many goods. The road network is uneven, consisting of 38,763 km of bitumen paved road and 8,592 km of gravel. 23,998 km is unclassified, but mostly likely unmaintained dirt road. The heavy rains sometimes wash away road segments on major routes, making some areas inaccessible.

Zambia is landlocked, and goods come in and out via air freight, or through five African ports: Mpulungu, on Lake Tanganyika; Dar-es-Salaam, Tanzania; Beira, Mozambique; Durban, South Africa; and Walvis Bay, Namibia.

Language

[Return to top](#)

Although there are 73 local languages in Zambia, English is the official language. Government business and commercial transactions are normally conducted in English. Other dominant languages are Bemba, Kaonda, Lozi, Luvale, Nyanja, and Tonga.

Health

[Return to top](#)

Basic medical care outside of major cities is extremely limited. Private medical clinics in major cities can provide reasonable care in many cases, but major medical emergencies usually require medical evacuation to South Africa, Europe, or the United States. Doctors and hospitals often require immediate cash payment for health care services. Medical insurance covering air ambulance evacuation is highly advisable. For the most recent travel information on Zambia, check www.travel.state.gov.

Malaria is endemic in Zambia. Prophylaxis is strongly recommended. HIV prevalence is very high in Zambia, with approximately 14 percent of the adult population HIV positive nationwide, but with much higher rates in urban areas. Drinking water should always be treated if bottled water is not available.

Local Time GMT +2, Business Hours, and Holidays

[Return to top](#)

Zambia does not participate in daylight savings time.

Zambian business hours:

Government offices are open from 8:00 a.m. to 5:00 p.m., Monday to Friday. They are closed from 1:00 p.m. to 2:00 p.m.

Bank hours vary from bank to bank, but most are open from 8:00 a.m. to 3:00 p.m. Monday to Friday. Some are open every Saturday while most open every first and last Saturday of the month from 8:15 a.m. to 10:30 a.m.

Shops are generally open from 8:15 a.m. to 5:00 p.m., Monday to Sunday.

Zambian Holidays in 2009 are:

January 1	New Years Day
March 9	International Women's Day (This falls on Sunday)
March 12	Youth Day
April 10	Good Friday
April 11	Holy Saturday
April 13	Easter Monday
May 1	Labor Day
May 25	African Freedom Day
July 06	Heroes Day
July 07	Unity Day
August 03	Farmers Day
October 24	Independence Day
December 25	Christmas Day

Temporary Entry of Materials and Personal Belongings

[Return to top](#)

Tourist/visitors declare their goods to Customs at point of entry and declare and produce them for inspection at the point of departure.

Web Resources

[Return to top](#)

COMESA: <http://www.comesa.int>

SADC: <http://www.sadc.int>

U.S. Embassy Consular website: <http://zambia.usembassy.gov/zambia/consular.html>

[Return to table of contents](#)

Chapter 6: Investment Climate

- Overview
- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

Overview

[Return to top](#)

Zambia has a generally positive investment climate, although progress toward a more open economy has been sporadic over recent years. During the 1990s, the Zambian Government (GRZ) opened its doors to foreign investment, reduced government intervention in commercial activities, privatized over 250 enterprises, and eliminated many market distortions. The impact of these progressive policies, however, was undermined by persistent fiscal deficits and widespread corruption at all levels of government. This led many Zambians to lose confidence in the efficacy of economic liberalization and caused the GRZ to seek alternatives in 2002 and 2003 to privatization of the national railroad as well as the national electricity and telecommunications utilities. Beginning in 2003, the GRZ increased dialog with the private sector and placed a new emphasis on attracting investment. However, the GRZ implemented a new mining tax regime in early 2008 thus abrogating elements of existing privatization agreements. With the late 2008 downturn in copper prices and production, the government initiated a policy to discourage job cuts in response to economic conditions.

Zambia experienced positive economic growth for the ninth consecutive year in 2008 with a GDP of USD 15.2 billion and a real growth rate of 5.8 percent (according to preliminary IMF estimates). The rate of inflation dropped from 30 percent in 2000 to single-digit inflation in 2007, due to prolonged fiscal discipline and monetary prudence, as well as adequate domestic food supply. However, rising food and fuel prices caused inflation to hit a year-on-year rate in December 2008 of over 16 percent.

With the privatization of Zambia's mines in 2000, the GRZ reversed an almost thirty-year downward trend in production and exports, resulting in renewed capital investments and increased exploration. Copper production rose to 535,000 metric tons in 2007, and a similar level is projected for 2008. In 2004, Vedanta Resources (Great Britain) replaced Anglo-American Corporation as the majority shareholder in Konkola Copper Mine. Other leading investors in Zambia's mining industry are Glencore International (Switzerland), First Quantum Minerals (Canada), Equinox Minerals (Canada and Australia), and Non-Ferrous China (NFC) Africa (China). This fresh capital investment is credited with increasing Zambia's copper production.

In April 2005, the International Monetary Fund (IMF) and the World Bank's International Development Association (IDA) provided Zambia significant debt service relief and debt forgiveness under the Heavily Indebted Poor Countries (HIPC) initiative. Zambia was the 17th country to reach the HIPC completion point and benefited from approximately USD 6 billion in debt relief. In July 2005, the G-8 agreed on a proposal to cancel 100 percent of outstanding debt to IMF, African Development Fund, and IDA for eligible HIPC countries. Zambia is among the beneficiaries of this additional multilateral debt relief. Zambia also completed a Poverty Reduction and Growth Facility (PRGF) arrangement with the IMF in September 2007. The executive Board of the IMF approved another three year PRGF arrangement for Zambia of about USD 79.2 million on June 4, 2008 in support of the country's economic policies aimed at alleviating poverty and sustaining growth. IMF has proposed to expand the PRGF to \$200 million in response to the global economic downturn.

Zambia implemented a USD 24.3 million its Millennium Challenge Account (MCA) Threshold Program from 2006 to 2008 that targeted three important areas, namely:

- addressing administrative corruption by helping to streamline business processes at the Ministry of Lands, the Department of Immigration, and the Zambia Revenue Authority;
- improving the environment for doing business in Zambia, by helping the newly-created Zambia Development Agency to simplify business registration, licensing, and inspection procedures, and to rationalize the economic regulatory framework, and by supporting Provincial offices of the Patent and Companies Registration Office (PACRO) to facilitate greater investment outside of the capital;
- facilitating trade by helping to increase the efficiency of procedures at the borders through modernization of customs and border control.

As a result of the Threshold program, Zambia met its anti-corruption target and was determined in December 2008 by the Millennium Challenge Corporation to be Compact eligible.

Openness to Foreign Investment

[Return to top](#)

The Zambian Government actively seeks foreign investment through the Zambia Development Agency (ZDA), which was established on January 1, 2007 by consolidating a number of trade and investment promotion entities to be a one-stop resource for international investors interested in Zambia. The ZDA board screens all investments for which incentives are requested and usually makes its decision within 30 days. The reviews appear routine and non-discriminatory, and applicants have the right to appeal investment board decisions.

In addition to complying with Companies Act No. 26 of 1994, a foreign company must, within 28 days of establishing operations in Zambia, provide the Registrar of Companies with a list of its directors, a copy of its constitution, and the name of its local representative.

There is no distinction in law between foreign and domestic investors. In the privatization process, foreigners are eligible to bid on state-owned companies. Foreigners may also invest in the Lusaka Stock Exchange without restriction and on comparable terms to Zambians. Companies seeking licenses or concessions or investors bidding for privatized companies are encouraged to commit to local participation. It is not clear how such commitments are weighed when decisions are made by the Zambia Development Agency.

A Citizens' Empowerment Act (CEA) passed into law in September 2006 aims to provide business opportunities to Zambian citizens. The Act is broadly worded and gives the GRZ latitude in defining the targets and beneficiaries of the Act. One of the first accomplishments of the Citizens Economic Empowerment Commission (CEEC) was the harmonization of a number of government empowerment funds into the Citizens Economic Empowerment Fund, designed to be a revolving loan fund to support entrepreneurialism.

The Zambian judicial system has a mixed record in upholding the sanctity of contracts. The judicial process is lengthy and inefficient. Many magistrates lack experience in commercial matters. The GRZ established a Small Claims Court in 2008 to settle disputes involving less than USD 400. In 2004, the High Court established a commercial division to adjudicate high-value claims.

Conversion and Transfer Policies

[Return to top](#)

Investors are free to repatriate capital investments, as well as dividends, management fees, interest, profit, technical fees, and royalties. Foreign nationals can also transfer/remit wages earned in Zambia without difficulty. There is no exchange control in Zambia for anyone doing business as either a resident or non-resident. Additionally, there are no restrictions on non-cash transactions.

Over-the-counter cash conversion of Kwacha into foreign currency is restricted to a USD 5,000 maximum per transaction for account holders and USD 1,000 for others.

Expropriation and Compensation

[Return to top](#)

Investments may only be expropriated by an act of Parliament relating to the specific property expropriated. The law states compensation must be at a fair market value, although the method for determining fair market value is ill-defined. Compensation shall be convertible at the current exchange rate. In addition, investors are guaranteed that investments will not be adversely affected by any changes in the Investment Act for a period of seven years.

Land, which is held under 99-year leases, may revert to the government if it is ruled to be undeveloped. So far, no privately held land has reverted.

Dispute Settlement

[Return to top](#)

There have been relatively few investment disputes involving U.S. companies since the Movement for Multi-party Democracy (MMD) government took office in 1991. The investment code stipulates that disputants must first resort to the Zambian High Court for internal dispute settlement. Failing that, the parties may go to international arbitration, which the state recognizes to be binding. Zambia is a member

of the International Center for the Settlement of Investment Disputes (ICSID) and the United Nations Commission of International Trade Law (UNCITRAL).

Previous disputes involved delayed payments from state-owned enterprises for goods and services and the delayed deregistration of a U.S.-owned aircraft despite contractual obligations.

Disputes have arisen over issuance of game management area permits and awards of hunting concessions, and investors have complained that procedures in this sector lack transparency.

The courts in Zambia are reasonably independent, but contractual and property rights enforcement is weak, and final court decisions can take a long time.

There is no bankruptcy law in Zambia. Secured interests in property are possible and recognized but fairly rare. There is no system for recording these interests.

Performance Requirements and Incentives

[Return to top](#)

Currently, there are no requirements for local content, equity, financing, employment, or technology transfers. The ZDA Act provides incentives for investments in rural enterprises, farming, and non-mineral exports (see below). Although performance requirements are not imposed, authorities expect commitments made in applications for investment licenses to be fulfilled. For example, the government requires that all international firms licensed to operate a cellular telephone network offer 10 percent of shareholding on the local stock exchange, per commitments made when entering the market.

General Incentives and Taxation: Foreign investors receive national treatment under the tax system. Income from farming is taxed at a rate of 15 percent, below the standard corporate tax rate of 35 percent. In addition, that portion of income that is determined by the Commissioner of Taxes to originate from the export of non-traditional products is taxed at a rate of 15 percent (traditional exports are all mineral exports of copper, cobalt, lead, zinc, gold, and silver).

Work Permit Requirements: Notwithstanding the provisions of the Immigration and Deportation Act, a foreign national who invests a minimum of USD 250,000 or equivalent in convertible currency and who employs a minimum of 200 persons is entitled to a self employment license or resident permit. Investors operating in Zambia must obtain an investment permit (the ZDA provides assistance in obtaining this), in addition to other licenses/certificates, which may be required, depending on the sector (timber, tourism, and mining are some examples of sectors requiring special permits). With an approved investment license, an investor is eligible for up to five expatriate work/resident permits, but in practice companies have had difficulty securing these. Smaller-scale investors report additional difficulties in obtaining work permits.

Capital Allowances: Manufacturing, mining, and hotel structures qualify for a depreciation allowance of 5 percent per year, plus an initial allowance of 10 percent of the cost in the year in which the building was first used. Equipment, machinery, and plants used exclusively for farming, manufacturing, and tourism qualify for a depreciation allowance of 50 percent. Capital expenditures on farm improvements qualify for a farm improvement allowance of 20 percent per year for the first five years. Capital expenditure allowance on the growing of coffee, tea, bananas, citrus fruits, or similar plants qualifies for a development allowance of 10 percent per year through the first year of production. A farm work allowance of 100 percent applies to expenditure on farmland such as stumping, clearing, prevention of soil erosion, boreholes, wells, water conservation, and aerial or geographical surveys. The depreciation allowance for non-commercial vehicles is 20 percent (straight-line depreciation). Expenditure on other assets used in creating income qualifies for a depreciation allowance of 25 percent (straight-line depreciation).

Special Incentives: Investors in one of the five categories below are be entitled, in addition to the general incentives, to an exemption from customs duties and sales duties on all machinery and equipment (excluding motor vehicles) required for the establishment, rehabilitation, or expansion of that enterprise:

- Exporters of non-traditional products that result in net foreign exchange earnings;
- Producers of products for local agricultural use and the production of agricultural commodities or other agriculture-related products for export;
- Businesses engaged in tourism resulting in foreign exchange earning in excess of 25 percent of the gross annual earnings of the business unit;
- Businesses engaged in an import substitution industry using a significant proportion of local raw materials resulting in net foreign exchange savings;
- Businesses located in a rural area.

Additional investment incentives for qualified investors include:

- Suspension of customs duty for a period of five years on all machinery, fixtures and equipment, tools, and parts used in the assembly of motor vehicles, motorcycles and bicycles;
- No customs duty on computer parts;
- Suspension of customs duty for a period of five years on inputs used in the textile and clothing industry such as grey fabrics including loom stead, machinery, sewing threads, sewing machine spare parts and trimmings;
- No customs duty on printed board-paper used in the packaging of Ultra High Temperature (UHT) milk;
- Reduced excise duty on liquefied petroleum gas (LPG) from 30 percent to 15 percent;
- Removal of customs duty for a period of five years on materials used in the manufacture and packaging of cement;
- Removal of customs duty for a period of five years on imported materials used in the manufacture of roofing sheets and;
- Removal of customs duty for a period of five years on machinery and equipment acquired by business enterprises that will operate in the Multi-Facility Economic Zone, in priority sector or rural enterprise.

The 2007 National Budget introduced several reforms and programs that would improve the business climate in Zambia and provide additional investment incentives. The reforms include two Multi-Facility Economic Zone (MFEZ) projects to diversify the economy and promote exports. The Japanese International Cooperation Agency hired a Malaysian company to develop a MFEZ in Lusaka, and the Chinese government is developing a zone in Chambishi in the Copperbelt. Businesses located in the MFEZs will enjoy special incentives, including duty free imports of raw materials, capital goods and machinery for five years. The GRZ established branch Patents and Companies Registration Offices (PACRO) Southern and Copperbelt provinces to improve customer service. On the other hand, the 2008 National Budget introduced a new fiscal mining tax regime, which unilaterally altered valid concession agreements. The new tax regime raised mineral royalty tax from 0.6 percent to 3 percent, corporate tax was raised to 30 percent, and windfall taxes were introduced to take effect when the price of copper surpasses certain thresholds. The windfall taxes were supported by the IMF, which believed the GRZ was not reaping sufficient benefit from the mining boom. In 2009, the government suspended the windfall taxes and increased the deduction allowance for depreciation on capital expenditures.

There is a right to private ownership of business enterprises, and no business ventures are reserved solely for the government. In practice, however, the national telecommunications parastatal ZAMTEL maintains a monopoly on the international gateway, due to the high fee (USD 19 million) charged for an international gateway license, on "security" grounds. GRZ commitments to liberalize the gateway have not yet been realized. Private entities may freely establish and dispose of interests in business enterprises, but investment board approval is required to transfer an investment license for a given enterprise to a new owner. Private enterprises have occasionally complained that the playing field is not level when they compete with public enterprises for licenses or concessions.

A subsidiary of a foreign company is regarded as a Zambian company. The legal liability of the parent company is limited to the amount of capital invested in Zambia, together with any guarantees provided.

There is a right to private ownership of business enterprises, and no business ventures are reserved solely for the government. In practice, however, the national telecommunications parastatal ZAMTEL maintains a monopoly on the international gateway, due to the high fee (USD 19 million) charged for an international gateway license, on "security" grounds. GRZ commitments to liberalize the gateway have not yet been realized. Private entities may freely establish and dispose of interests in business enterprises, but investment board approval is required to transfer an investment license for a given enterprise to a new owner. Private enterprises have occasionally complained that the playing field is not level when they compete with public enterprises for licenses or concessions.

A subsidiary of a foreign company is regarded as a Zambian company. The legal liability of the parent company is limited to the amount of capital invested in Zambia, together with any guarantees provided.

Protection of Property Rights

[Return to top](#)

The ZDA Act assures investors that property rights shall be respected. No investment of any description can be expropriated unless Parliament has passed an act relating to the compulsory acquisition of that property. Also, in the case of expropriation, full compensation is made at fair market value and is convertible at the then current exchange rate.

The legal framework for trademark protection is adequate. There are fines for revealing business proprietary information, but fines are not large enough to penalize disclosure adequately. Copyright protection is limited and does not cover computer applications.

Zambia's patent laws conform to the requirements of the Paris Convention for the Protection of Industrial Property, to which Zambia is a signatory. It takes a minimum of four months to patent an item or process. Duplicative searches are not done, but patent awards may be appealed on grounds of infringement.

Zambia is a signatory to a number of international agreements on patents and intellectual property, including the World Intellectual Property Organization (WIPO), Paris Union, Bern Union, African Regional Industrial Property Organization (ARIPO), and the Universal Copyright Convention of UNESCO. National laws are generally adequate in protecting intellectual property rights, and there has been effective recent enforcement against pirated musical and video recordings, cosmetics, as well as software. Small-scale trademark infringement occurs for some packaged goods through copied or deceptive packaging. Embassy Lusaka co-hosted a two-day intellectual property workshop in November 2008 that underscored the economic costs of IPR infringement, sharing best practices, and discussing international legislation and enforcement standards. Following the workshop, Information Minister Ronnie Shikapwasha issued a directive to establish an interagency working group to update Zambia's IPR legislation and draft an IPR policy.

Despite generally adequate legislation and political will, enforcement of property rights is weak in Zambia, due to inadequate law enforcement resources and an inefficient judicial system.

Transparency of Regulatory System

[Return to top](#)

The government has made strides toward introducing transparent policies to foster competition, but complaints arise from time to time. Questions have arisen in recent years regarding the award of Game Management Areas, the enforceability of existing development agreements, and the fairness of competition between state-owned enterprises and private firms. In the agricultural sector, Zambian government interventions, through the purchase of maize (corn) at subsidized prices and the distribution of subsidized fertilizer, undercut the private sector's capacity to enter these markets. The unpredictability of import and export bans on commodities, especially maize, is a deterrent to private sector participation in commodity markets.

Labor laws provide for extremely generous severance pay, leave, and other benefits to workers, which can impede investment. Such rules do not apply to personnel hired on a short-term basis.

Although the Zambia Development Agency seeks to serve as a "one-stop shop" for investors, in practice red tape associated with licenses and permits presents problems. In some cases, scores of licenses are required to run a business. As mentioned in paragraph five, the government is working to streamline numerous licensing requirements and administrative procedures.

Proposed laws are usually not published in draft form for public comment.

Although the underpinnings for an efficient system to handle court disputes exist, Zambian courts are relatively inexperienced in the area of commercial litigation. This, coupled with the large number of pending commercial cases, keeps the regulatory system from being prompt and transparent. Some measures to promote resolution of disputes by mediation have been implemented in an attempt to clear the backlog. The courts support alternative dispute resolution, including a mechanism for binding arbitration. In 2004, the High Court established a commercial division to adjudicate high-value claims. This fee-based system has accelerated resolution of such cases.

Capital Markets and Portfolio Investment

[Return to top](#)

A) Banking Sector

Government policy generally encourages the establishment of free market financial institutions. Banking supervision and regulation by the Bank of Zambia (BoZ), the central bank, has improved over the past few years. Improvements include revoking licenses of some insolvent banks, denying bailouts, limiting deposit protection, strengthening loan recovery efforts, and upgrading the training and incentives of bank supervisors. On October 1, 2007, the statutory reserve requirement was reduced to 8 percent from 14 percent, injecting additional liquidity into the banking system.

Although some improvements have been registered in recent years, credit to the private sector is expensive and readily available only for extremely low-risk investments. One factor inhibiting lending is a culture of tolerating loan default, which many borrowers view as a minor transgression. In addition, until recently, high returns on government securities encouraged commercial banks to invest heavily in government debt, to the exclusion of financing productive private sector investments. Banking officials readily acknowledge that they need to upgrade the risk assessment and credit management skills within their institutions in order to better serve private sector investors. Some financial institutions restrict credit to Zambian-registered companies, but foreign ownership does not disqualify a loan applicant. Banks provide credit denominated in foreign currency only for investments aimed at producing goods for export. Banks provide services on a fee-based model, which means that banking charges are generally high. Mortgage funding for housing is available from several leading Zambian banks, although interest rates are still very high.

B) Lusaka Stock Exchange

The Lusaka Stock Exchange (LuSE) opened in February 1994 and is structured to meet recommendations for clearing and settlement system design and operations. Since its inception, the LuSE has offered trading in equity securities, and in March 1998, the LuSE became the official market for selling government bonds. Investors intending to trade in a listed security or government bond are now mandated to trade via the LuSE. The market is regulated by the 1993 Securities Act and enforced by the Securities and Exchange Commission. The secondary trading of financial instruments in the market is very low or non-existent in some areas.

The number of listed companies increased to 21 in 2008. In 2008 telecom giant Zain Zambia Plc's (formerly Celtel) USD 133 million initial public offering generated greater than 300 percent excess demand. The successful IPO followed a period when market capitalization of the LuSE increased from

USD 3.18 billion in 2006 to USD 4.82 billion in 2007, an increase of over 50 percent. The growth in market capitalization is attributed to the performance of stocks and the economy as a whole. The number of trades also increased by more than two-thirds during that period. Net foreign portfolio investment flows stood at USD 12 million in 2007, compared to USD 8 million in 2006. The second half of the 2008 has seen the stock market experience some turbulences. Rumors of President Mwanawasa's death in July caused movements at the LuSE, especially from international institution investors who were selling their shares in Zain. The turbulence continued through the death of the president, the change of government, and the worldwide stock market slumps to the end of the year.

There are no restrictions on foreign participation in the LuSE and foreigners may invest in stocks on the same terms as Zambians.

Political Violence

[Return to top](#)

Zambia has no recent history of significant political violence. Infrequent student protests can sometimes turn violent. Presidential by-election in October 2008, following the death of President Levy Mwanawasa, was peaceful.

Corruption

[Return to top](#)

During the 1990s, corruption undermined the economic stability of Zambia. The problem pervaded Zambia, from the top down, ranging from senior government officials abusing the privatization process to local policemen committing extortion. The current and previous administrations have supported a campaign to uncover past abuses, punish perpetrators, and recover assets, with mixed results. Petty corruption remains common, as low salaries for government employees undermine efforts at reform, and extensive regulations create opportunities for bribes. The issuance of land titles has been singled out as a process particularly susceptible to corruption.

The Anti-Corruption Commission investigates allegations of misconduct. In 2002, the government formed a Task Force on Corruption to spearhead efforts to hold accountable high level officials from the previous administration. At former President Mwanawasa's urging, Parliament lifted former President Frederick Chiluba's immunity from prosecution, and he is among those charged with various offenses. In October 2006, the Task Force secured a conviction against former managing director of Zambia National Commercial Bank, Samuel Musonda, for 44 counts of abuse of office. Other Task Force successes have followed, including convictions of former Health Ministry Permanent Secretary Kashiwa Bulaya, former Zambia National Service Commandant Brig. Gen. Wilford Funjika, former Zambia Privatization Agency Chairman Francis Kaunda, former Air Force Commander Lt. Gen. Christopher Singogo, and former first lady Regina Chiluba. However, all corruption cases are being appealed and all those convicted are free on bail pending the outcome of the appeals.

Zambia ratified the Southern African Development Community protocol against corruption in 2003. In 2007, Zambia became a party to the United Nations Convention against Corruption and ratified the African Union Convention on the Prevention and Combating of Corruption. These have not yet been put into force, and Zambia lacks adequate asset forfeiture, whistleblower protection, anti-money laundering, asset disclosure, evidence, plea bargaining, and freedom of information laws. Transparency International has an active Zambian chapter.

Bilateral Investment Agreements

[Return to top](#)

Zambia has signed bilateral reciprocal promotional and protection of investment protocols with most of the Common Market for Eastern and Southern Africa (COMESA) and the Southern Africa Development

Community (SADC) member states. In November 2001, COMESA signed a Trade and Investment Framework Agreement with the United States. On October 2, 2000, Zambia became a beneficiary of the African Growth and Opportunity Act (AGOA). Zambia has initialed market access offer through the Eastern and Southern Africa (ESA) interim Economic Partnership Agreement (IEPA) with the European Union on September 30, 2008. In completing these negotiations, the provisions of trade in goods chapter and related annexes of the ESA IEPA now apply to Zambia.

OPIC and Other Investment Insurance Programs

[Return to top](#)

An OPIC/Zambia agreement was signed in June 1999. Zambia is also a signatory to the Multilateral Investment Guarantee Agency (MIGA), which guarantees foreign investment protection in cases of war, strife, disasters, other disturbances, or expropriation. In June 2001, the World Bank extended credit in the amount of USD 5 million for starting the African Trade Insurance Agency (ATI). This institution, which is open to all African states that are members of the African Union, provides exporters with insurance against receivables on export trade deals and political risk insurance for trade transactions

The Embassy uses approximately USD 17.2 million in Zambian Kwacha per year. Kwacha are purchased at the market exchange rate, which ranged between Kw 4900 and Kw 3100 to the U.S. dollar over the course of 2008.

Labor

[Return to top](#)

Although there is an abundance of unskilled labor in Zambia, investors complain that there is an inadequate supply of skilled and semi-skilled labor. The government adheres closely to ILO conventions. Labor-management relations vary by sector. Strikes are not uncommon in the public sector and often are related to the government's failure to pay salaries or allowances on time. The minimum monthly entitlement for any permanent employee including general workers is approximately Kw 600,000 (USD 125).

Foreign-Trade Zones/Free Ports

[Return to top](#)

An investor may apply to be appointed and licensed by the Commissioner General to establish and operate a bonded factory under Section 65 of the Customs and Excise Act. The GRZ in early 2007 announced the creation of multi-facility economic zones (MFEZ) where foreign firms will enjoy a waiver on customs duty on imported equipment, excise duty and value added tax, among other concessions.

On October 31, 2000, the Common Market for Eastern and Southern Africa Free Trade Area (COMESA FTA) was launched. Zambia and eight other participating countries in the region are working toward a monetary union to reduce transaction costs and to make the region more competitive. COMESA FTA members intended to launch a customs union in December 2008, but missed the target date when the planned summit was postponed. In 2001, the Zambia Revenue Authority implemented a zero tariff for the COMESA FTA. There are 19 member states of which 13 belong to the FTA. The top five intra-COMESA exports from Zambia include tobacco, raw sugarcane, wire, refined copper and Portland cement.

Foreign Direct Investment Statistics

[Return to top](#)

The ZDA compiles data on investment commitments from investors who obtain investment licenses at ZDA. Investors in mining projects do not invest through ZDA but instead work with the Ministry of Mines and Mineral Development. The ZDA data are therefore incomplete and do not show actual FDI flows or stocks and should not be considered a complete measure of investment. However, these are the only FDI data available in Zambia.

Investment Commitments by Sector (USD), as provided by the ZDA, (January to November 2007)

Sector	2007 (Jan to Nov)	2008 (Jan to Nov)
Agriculture	66,788,687	47,356,842
Construction	21,241,800	4,919,000
Manufacturing	843,235,627	1,053,635,863
Transport	23,497,500	48,049,498
Mining	441,500,000	6,636,055,000
Service	25,890,627	103,141,895
Tourism	78,771,759	161,295,284
Health	1,281,000	37,500,000
Education	4,127,000	4,200,000
Financial	2,000,000	35,945,500
ICT	275,140,000	1,000,000
Real Estate	18,100,000	76,125,000
Chambishi MFEZ	900,000,000	-
Energy	-	1,296,168,000
Engineering	-	5,000,000
Total	2,975,780,892	9,510,391,882

(Note: Chambishi MFEZ is Chambishi Multi-Facility Economic Zone, a Chinese venture)

A total number of 217 projects were approved for investment license by the ZDA Board during the period January to November 2008. The total pledged investment is USD 9.5 billion, which is expected to create over 25,000 jobs for Zambians. From the total pledged investment, 93 percent or USD 8.8 billion is foreign direct investment.

Much of Zambia's foreign direct investment is in the mining sector, where 14 foreign companies have pledged to invest over USD 6 billion. The investment is mostly in new mining projects for copper and cobalt. U.S. companies are not among the large investors in copper, gold and gem mines. However, Allied Energy Corporation of Alabama in 2007 signed a Memorandum of Understanding to acquire a mine producing tin, tantalite, and mica, in Choma, Southern Province from an Australian company, Starfield Mine. The issuance of all prospecting, retention, and mining licenses is the responsibility of the Mines Development Department of the Ministry of Mines and Mineral Development. Data on mining investment is not readily available from official sources, but the following paragraphs describe some of the major investments, based on publicly available reports.

Konkola Copper Mines (KCM)

On March 31, 2000, South Africa's Anglo American Corporation (AAC) acquired the Konkola and Nchanga copper mines and the Nampundwe pyrite mine from Zambia Consolidated Copper Mines (ZCCM), through a new subsidiary called Konkola Copper Mines. In late January 2002, AAC informed the government that it would divest from KCM. AAC cited financial losses linked to declining world copper prices and its failure to secure funding for the Konkola Deep Mining Project, which was the main basis for its investment in Zambia.

Following an upturn in global copper prices, in August 2004 Vedanta Resources Plc, which has its principal operations in India and is based in Great Britain, acquired a 51 percent stake in KCM for USD 48.2 million. KCM announced that an estimated USD 400 million would be used to expand its smelter and improve underground operations. The improvements in KCM's production capacity will push underground ore production to six million tons per annum from the current levels of two million tons. The smelter plant was commissioned by mid 2008, but it has remained closed due to lack of materials to process in the plant. KCM is negotiating with Frontier mine in Congo DR, Chibuluma and Kansanshi over supply of feed to

process at the new smelter which has an annual capacity of 300,000 tons. KCM is developing the Konkola Deep Mining Project, which will double total company production to 400,000 tons by 2009.

On March 6, 2009 KCM indicated to the Mineworkers Union of Zambia that it intends to retrench 1,321 workers by the end of April 2009 and put its Nampundwe Mine operation under care and maintenance by June 2009.

Mopani Copper Mine (MCM)

MCM started off as a joint venture between Glencore International (46 percent) of Switzerland and First Quantum (44 percent) of Canada, with Zambia Consolidated Copper Mines (ZCCM) holding the balance (10 percent). Glencore later assumed complete control of the operation by increasing its shareholding to 73.1 percent. The MCM Mufulira Deep and Nkana mines have been in operation since 1933 and 1932, respectively. Glencore has been rebuilding, upgrading and setting up new facilities in order to increase production. MCM spent USD 280 million on new projects in 2004 and another USD 205 million on capital expenditure in 2005 and planned a further USD 250 million on upgrades and new plants in 2006-2007. Some of the work includes a new primary smelting furnace, a matte-settling furnace, a sulphuric acid plant, an oxygen plant, and upgrades of the associated infrastructure. The expansion work should bring copper production capacity up to 380,000 tons. The Mufulira Copper smelter was expanded in a phased approach from a previous treatment capacity of 650,000 tons to 800,000 tons by the end of 2007. Mopani produced 135,000 tons of copper in 2005 and has not reached production targets that exceeded 200,000 tons in 2006 or 2007. Expansion work has continued despite of the drop in prices of copper on the international market. In early March 2009, MCM notified the GRZ about its intentions to put Mufulira Copper Mine and Nkana plant under care and maintenance citing high operational costs resulting from low copper prices.

Kansanshi Copper-Gold Mine

Kansanshi Copper Mine is located about 15 kilometres north of Solwezi, in the Northwestern Province of Zambia. First Quantum Minerals holds 80 percent of the project and Zambia Consolidated Copper Mines (ZCCM) holds the remaining 20 percent. During the commissioning stage (November 2004 to April 2005), Kansanshi production totaled 6,792 tons of copper in concentrates and 1,941 tons of finished copper cathodes. In 2006, production went up to 127,179 tons of copper, and 2007 production reached 163,824 tons. First Quantum has obtained a USD 120 million loan facility for the development of Kansanshi Mine, which will boost production. The mine undertook a third expansion of its treatment capacity in 2006. In light of the economic crunch, First Quantum has reviewed its investment and operations. The Bwana Mkubwa mine in Ndola shut down its copper processing plant and retrenched 365 workers. At Kansanshi, the company has modified its structures and re-deployed staff where necessary, retrenching about 70 workers.

Lumwana Copper Mine

Lumwana Mine is located in the North Western province, 220 kilometers northwest of the Copperbelt region. It is one of the largest undeveloped copper projects in the world, with a low-grade copper resource containing 901 million tons of 0.7 percent copper. Lumwana is 100 percent owned by First Equinox, of Canada and Australia. Equinox Minerals Limited signed a debt facility in December 2006 with a group of financial institutions to provide a total of USD 583.8 million for the completion of development and construction of the Lumwana copper project. The mine has employed 4,500 people. The town development activities are on course, with all main infrastructures progressing well and some 320 houses completed for occupancy. Initial production is forecast to be about 172,000 tons per year from mid 2009. The company has made significant progress on the establishment of a uranium plant at the mine and is hoping to be granted a license to mine uranium soon (see para 65). Equinox has so far spent USD 500 million on the mine.

Kagem

Zambia produces approximately 20 percent of the world's emeralds, and foreign investment has played a vital part in building up the industry. Kagem Mining Limited is the largest gemstone mining operation in Zambia, of which 75 percent is owned by the Israeli-Indian consortium known as Hagura and 25 percent by the Zambian government. In order to promote more foreign investment and mine development, Hagura Mining Limited awarded a management contract to Gemfields Resources Plc to manage and operate the Kagem Emerald Mine.

Gemfields Resources Plc

Gemfields Resources Plc is a gemstone mine development and gemstone prospecting company mainly focused on emeralds. The company currently owns five Zambian emerald mining licenses, including the Kamakanga, Pamodzi, Mbuva-Chibolele, and Arinus concessions. The company also holds prospecting licenses covering a substantial part of the prospective emerald-yielding areas in Ndola Rural Emerald Restricted Area (NRERA), together with a 50 percent interest in Kariba Minerals, which operates the largest Zambian amethyst mine. The quality of the Zambian emerald is almost at par with the Colombian emerald, with the most valuable emeralds currently sourced from the NRERA. During the fiscal year which end June 2007, Gemfields held two emerald sales from its Mbuva-Chibolele Mine. The company sold 992,997 carats of emeralds valued at USD 1.8 million.

Uranium Mining

Uranium deposits have been found in Southern, Lusaka, and Northwestern provinces of Zambia. The GRZ in consultation with the United Nations International Atomic Energy Agency (IAEA) formulated a policy to allow uranium mining in Zambia. Application for uranium mining licenses is now open to investors. Canadian-owned Equinox Limited has said that the Lumwana copper deposit contains 22 million pounds of U308 (8462 t U). African Energy Resources Limited, an Australian-owned mining outfit is drilling in Kariba on the southern border with Zimbabwe.

Four mining companies have applied for uranium mining permits under the recently established legislation and two of these should be granted in the first quarter of 2009.

Albidon Limited

Australian Albidon Zambia Limited is constructing an underground nickel mine which produced its first concentrates in the third quarter of 2008. Albidon which is listed on London Stock Exchange has an initial life span of ten years and is due to cost about USD 100 million, including initial working capital costs. The annual nickel production is said to be 10,000 tons per year in nickel concentrates rising to 10,500 tons in subsequent years, 15,000 ounces of platinum group metals, 1400 tons of copper, and more than 400 tons of cobalt. Albidon has signed an agreement with Chinese state-owned Jianchuan Group Limited to buy the mine's output. In March 2009, Albidon suspended its mining operations and put the mine under care and maintenance.

Kabwe Zinc Mine

Alberg Mining and Exploration of South Africa is scheduled to re-open the Kabwe zinc and lead mine, one of the oldest mines in Zambia which was shutdown in 1994 due to poor management and lack of capital. GRZ will retain 20 percent stake in the mine.

Chinese Investment

China has become the third largest investor in Zambia after South Africa and Great Britain. Foreign direct investment pledges reported by Chinese companies in 2006 amounted to about USD 300 million in 2006. China Non-Ferrous Metal Company's (CNMC) USD 150 million investment in NFC Africa Mining in Chambishi is China's largest copper mining investment. Copper production by Chinese-owned mines in Zambia is estimated at between 25,000 and 30,000 metric tons per annum. CNMC and another smaller Chinese copper firm signed a deal in 2006 to invest USD 220 million to build a 150,000-ton copper

smelting plant, which became operational in 2008. Chinese-owned firm CBMI Construction has been contracted by France's Lafarge to construct a new USD 120 million cement plant in Lusaka, which was commissioned in November 2008. The new plant will produce 2,000 tons (80,000 50-kilogram bags) per day. China is setting up a USD 900 million Multi-Facility Economic Zone in Chambishi, Copperbelt, underwritten by the Chinese business community and Government. Zambia is the first African country to have a Chinese multi-facility economic zone. In early 2009, the Chinese government signed agreements to loan and grant Zambia a further USD 67 million as part of the zone and other projects.

Major U.S. investments in Zambia include:

-- Cargill Cotton Ginners Limited: a wholly-owned subsidiary of Cargill of Minneapolis, Minnesota, an investment worth over USD 18 million.

-- Dunavant Cotton: a wholly-owned subsidiary of Dunavant Cotton of Tennessee, worth approximately USD 25 million.

-- National Milling Corporation: a wholly-owned subsidiary of Seaboard Corporation of Kansas, representing an initial investment of over USD 20 million.

-- Metal Fabricators of Zambia (ZAMEFA): a vertically integrated manufacturing company owned by Phelps Dodge International Corp, of Arizona, which was acquired in 2007 by Kentucky-based General Cable Corporation.

--Lilayi Housing Estates: Nevada-based Houses for Africa, Pangaea Partners of Wisconsin, and Zambian partner City Investments Limited are together investing in a project to build 3,700 houses in southern Lusaka.

Web Resources

[Return to top](#)

Zambia Investment Center: <http://www.zic.org.zm/>

World Bank Snapshot on Zambia's Business Environment:

<http://rru.worldbank.org/DoingBusiness/ExploreEconomies/BusinessClimateSnapshot.aspx?economyid=207>

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate?](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

Credit is the most common method of payment used for Zambian imports. In general, Zambian companies find it difficult to finance their own imports and seek credit arrangements, but businesses considering

offering their exports on credit should make a very careful check of the bona fides and finances of Zambian companies before doing so. Delinquent payments (even from government-owned companies) to suppliers are a common problem in Zambia. The cash-in-advance payment method may be advisable, especially when dealing with small companies.

How Does the Banking System Operate

[Return to top](#)

Zambia's commercial banking sector is composed of 14 international and local banks. All banks operating in Zambia must incorporate locally. As a result, there are no local branches of foreign (including U.S.) banks or financial institutions. However, Citibank Zambia Limited, a wholly-owned subsidiary of Citicorp NY, provides corporate banking services in Zambia.

The banking sector is supervised by the central bank, the Bank of Zambia (BoZ), which reports to the Ministry of Finance and National Planning. The sector is governed by the Banking and Financial Services Act of 1994. Industry observers generally credit the BoZ with making large strides in improving bank oversight over the past several years. Legislation is being drafted which will provide for the establishment of a deposit insurance system. Zambia currently lacks an anti-money laundering regime that meets international standards.

Foreign-Exchange Controls

[Return to top](#)

Following a repeal of the Exchange Control Act in February 1994, Zambia established full convertibility in both the current and capital accounts. There are no controls on the movement of capital in or out of Zambia. Bank accounts may be held in local or foreign currency, and funds are easily transferred out of the country or held offshore. Amounts over 5,000 U.S. Dollars, carried in or out in cash or travelers checks, must be declared. In March 1999, the BoZ instructed commercial banks and bureau de change operators to restrict issuance of over-the-counter cash to USD 5,000 per transaction.

The BoZ is responsible for the management of the country's foreign exchange reserves and only participates in the market for purposes of either purchasing foreign exchange to build up reserves or selling/purchasing to smoothen out any swings in the exchange rate.

U.S. Banks and Local Correspondent Banks

[Return to top](#)

Zambia has only one U.S. owned bank:

Mr. Saviour Chibiya
Managing Director
Citibank Zambia Limited
Citibank House, Cha Cha Cha Road
P.O. Box 30037
Lusaka, Zambia
Tel: 260-21-122 9025
Fax: 260-21-122 6258

Project Financing

[Return to top](#)

The availability of project financing, particularly for export-oriented projects, is improving. Besides bilateral and multilateral government agencies, commercial banks and venture capital funds are playing an increasing role. Both the U.S. and European Union (EU) have established enterprise development funds, which encompass Zambia. U.S. enterprise development funds include the Southern African Enterprise

Development Fund and the United States African Development Foundation. The International Finance Corporation (IFC) and Commonwealth Development Corporation (CDC) both offer financial assistance for projects in Zambia. There are no restrictions for U.S. companies to participate in bids and tenders floated by the Zambia National Tender Board (ZNTB) and funded by the international institutions such as the World Bank, Africa Development Bank and other. After selection of successful bidder, the relevant government ministry will supervise the project while payments are made from the financing institution. However, channels for remittance of project funds will differ according to the financing institution.

<http://www.saedf.com>

<http://www.usadf.gov>

Web Resources

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

[Return to table of contents](#)

Chapter 8: Business Travel

[Business Customs](#)

[Travel Advisory](#)

[Visa Requirements](#)

[Telecommunications](#)

[Transportation](#)

[Language](#)

[Health](#)

[Local Time, Business Hours and Holidays](#)

[Temporary Entry of Materials and Personal Belongings](#)

[Web Resources](#)

Business Customs

[Return to top](#)

Zambia adopted the British legal system at independence in 1964. Business law is based mostly on British law, and business customs are similar to those in the U.S. and Europe. Zambians are polite and mild-mannered, and a direct confrontational style is not well received in the local cultural context. Business dress code is formal for both men and women. If the attire is a skirt suit, then the length must be below the knees.

Travel Advisory

[Return to top](#)

Crime is a problem in Zambia. Mugging, carjacking, and house and car break-ins are not uncommon. Copperbelt towns along the border with the Democratic Republic of Congo have seen periodic surges in crime due to political instability across the border. There are no internal travel restrictions in Zambia, although areas around military bases may have restricted access.

Visitors should exercise caution when purchasing curios and souvenirs to avoid items that contain materials that are protected by the Convention on International Trade in Endangered Species (see Chapter 5, [Customs Regulation and Contact Information](#)).

Visa Requirements

[Return to top](#)

Travel Advisory and Visas: Visas are required for U.S. passport holders, and it is highly recommended that travelers obtain visas in advance of arrival. Multiple entry visas may be obtained from the Embassy of the Republic of Zambia, 2419 Massachusetts Avenue, NW, Washington DC 20008, Telephone (202) 265-9717. Zambian Embassy officials generally require a letter of invitation from the individual or entity in Zambia with whom one intends to do business. Tourist visas may be obtained at the border at the airport upon arrival for USD 50 single entry and USD 80 for a double entry.

A foreign national who invests a minimum of USD 250,000 or equivalent in convertible currency and who employs a minimum of 200 Zambians is entitled to a self employment permit or resident permit (see Chapter 6, [Investment Climate](#)).

U.S. companies that require travel of foreign business persons to the United States should advise the foreign business person to work through the U.S. Embassy consular office for their visa application and processing. Visa applicants should go to the following links:

<http://zambia.usembassy.gov>

http://zambia.usembassy.gov/non-immigrant_visas/visa-processing-fees2.html

Recently, the Zambian Drug Enforcement Commission (DEC) has detained a number of Americans for possession of Benadryl and other over-the-counter medications, which have contained small quantities of diphenhydramine, an active ingredient that is on Zambia's list of controlled substances. Although unaware of these restrictions, Americans have been charged with drug trafficking offenses, had their passports confiscated, and been jailed. As a result, any American visiting Zambia is strongly advised to leave behind all non-prescription medications behind. When traveling with prescription medications, Americans should bring a doctor's prescription and ensure that the medication is in its original bottle. Any American stopped by the DEC for possession of over-the-counter medications should contact the Embassy at 0211-250-955 as soon as possible.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

American Embassy Consular website: <http://zambia.usembassy.gov/zambia/consular.html>

Web Resources

[Return to top](#)

Zambia Tourist Board: <http://www.zambiatourism.com>

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

State Department Consular Information Sheet: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1062.html

[Return to table of contents](#)

Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

U.S. Embassy Lusaka

Ambassador – Donald E. Booth
Deputy Chief of Mission – Michael Koplovsky
Political/Economic Chief - Pamela Tremont
Commercial Specialist - Vedruna Santana

U.S. mailing address: 2310 Lusaka Pl., Washington DC 20521-2310.

International mailing address: United States Embassy, PO Box 31617, Lusaka, Zambia.

Street address: Corner of United Nations and Independence Avenues, Lusaka, Zambia.

Telephone: 260 21 125 0955
Fax: 260 21 125 2225
Email: CommercialLusaka@state.gov

Zambian Government and Industry:

Ministry of Commerce, Trade and Industry, Permanent Secretary, Dr. James Mulungushi, P.O. Box 31968, Lusaka, Zambia. Tel: 260-21-122 3617.

Ministry of Finance and National Planning, Permanent Secretary, Dr. Wamundila Mbikusita Lewanika, P. O. Box RW 50062, Lusaka, Zambia. Tel: 260-21-125 0657 and 260-21-125 1843.

Zambia Development Agency (ZDA), Director General, Mr. Andrew Chipwende, P.O Box 30819, Lusaka, Zambia. Tel: 260-21-122 1417.

Citizen Economic Empowerment Commission (CEEC), Director General, Ms. Mable Luo Mung'omba, P. O. Box 32180, Lusaka, Zambia. Tel: 260-21-125 4214

Zambia Association of Chambers of Commerce and Industry (ZACCI), Chairman, Mr. Hanson Sindowe, P.O. Box 30844, Lusaka, Zambia. Tel: 260-21-125 2369.

Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please visit, the following website <http://www.export.gov/marketresearch.html> and click on the link to Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

[Return to top](#)

Trade Schedule: Zambia holds four annual trade fairs. The Zambia Mining, Agriculture and Commercial Show, held in the last weekend of May, is the premier event for any mining-related business. This is followed by the Zambia International Trade Fair, held the first week of July in Ndola, the Zambia Agriculture and Commercial Show, held in Lusaka during the first week of August, and the Gemstone and Mining Exhibition, held annually in Livingstone and Lusaka around September.

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.BuyUSA.gov/southernafrika>

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at (800) USA-TRADE, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.